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REPORT ON THE ACTIVITIES OF THE LATIN AMERICAN INSTITUTE
FOR ECONOMIC AND SOCIAL PLANNING

Note by the secretariat

For the information of the delegations to the fourteenth session of the Economic Commission for Latin America, and in relation to the relevant item on the provisional agenda, the secretariat is circulating the attached report (INST/L.21) which was submitted by the Director-General of the Latin American Institute for Economic and Social Planning to the fourteenth session of its Governing Council.

INSTITUTO LATINOAMERICANO
DE PLANIFICACION
ECONOMICA Y SOCIAL



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REPORT ON THE ACTIVITIES OF THE INSTITUTE
IN 1970

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NOTE

The following report on the main activities of the Institute during 1970, submitted to the Governing Council for consideration at its fourteenth session, is divided into eight sections reviewing in turn the work done in the fields of training, economic and social research, advisory services, planning and integration in the Andean countries, projects, publications, and administration and finance. Activities connected with industrial and agricultural planning and with natural and human resources are described in the sections on training, research and advisory services. The section on research begins with a summary of Change and Development: Latin America's Great Task, a report submitted by Dr. Raúl Prebisch in April 1970 to the Inter-American Development Bank (IDB) in his capacity as Director-General of the Institute. In addition to devoting a complete section (section IV) to planning and integration in the Andean countries, it was thought desirable to include an annex to the report describing the Institute's activities connected with Latin American integration. Although the annex is not confined to activities that took place in 1970, it will serve as an illustration of the interest with which the Institute has entered this field.

1. Training Programme

During 1970 the Training Programme limited itself to giving intensive courses and special courses, which were attended by a total of 208 participants (see table 1). Three courses were held in Brazil, and one for Central America, Panama and Mexico was given in Mexico City. The Programme also continued to co-operate with the Peruvian Advanced School of Public Administration in its annual development planning course (see table 2). Three special courses were given (see table 3): the Health Planning Course, which has been held each year since 1962; a course on human resources, the second of its kind; and a new venture, a course on regional planning. This latter course was based on the regional planning topics taught in the Basic Course and in some intensive courses, and also on the work done by the Economic Commission for Latin America (ECLA).

In line with the Programme of Work for 1970, the Basic Planning Course was not held this year, so that it could be reformulated and adapted to meet the need for training technical cadres that has become evident in planning activities in Latin America. The Institute has thought it desirable to concentrate the main thrust of its teaching effort on providing professionals with an over-all view of the planning process and equipping them to act as a linking mechanism between political decision-making and the functional departments of the government. The aim is to remedy one of the main problems reducing the effectiveness of planning machinery. With this in mind, the Programme has worked out a basic framework to be used, from 1971 onwards, for a Development and Planning Course which would mainly consist in a wide-ranging discussion of the major problems of Latin American development based on a sound theoretical and technical grounding in the social sciences. Work has also been done on the research paper to be written by participants.

Table 1
TRAINING PROGRAMME
Number of participants
(1952-1970)

Item	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	Total
I. <u>Basic Course a/</u>	10	12	17	8	14	14	19	18	-	61	74	75	68	51	67	62	58	40	-	668
II. <u>Intensive training courses b/</u>																				
(a) Number of participants	-	-	-	80	48	143	136	300	345	258	308	527	269 ^{b/}	392 ^{b/}	343	201	326	248	124	4 048
(b) Number of courses	-	-	-	(1)	(1)	(2)	(2)	(3)	(5)	(5)	(6)	(9)	(5)	(8)	(7)	(5)	(8)	(7)	(5)	(79)
III. <u>Special courses</u>																				
(Health planning)																				
(Educational planning)																				
(Planning of the housing sector)																				
(Trade union leaders)																				
(Annual operational plans)																				
(Human resources planning)																				
(a) Number of participants											47	73	77	109	126	63	66	30	84	675
(b) Number of courses											(2)	(2)	(2)	(2)	(4)	(2)	(3)	(1)	(3)	(21)
<u>Total</u>	<u>10</u>	<u>12</u>	<u>17</u>	<u>88</u>	<u>62</u>	<u>157</u>	<u>155</u>	<u>318</u>	<u>345</u>	<u>319</u>	<u>429</u>	<u>675</u>	<u>414</u>	<u>551</u>	<u>536</u>	<u>323</u>	<u>455</u>	<u>318</u>	<u>208</u>	<u>5 391</u>

a/ The Basic Course is given annually at Santiago, Chile.

b/ This does not include intensive training courses organized by the Institute and subsequently run by national organizations, with the Institute's help.

Table 2
INTENSIVE COURSES ^{a/}
(1955-1970)

1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	Total participants
<u>Colombia</u> (80)				<u>Colombia</u> (98)	<u>Colombia</u> (56)						<u>Colombia</u> (44)					278
	<u>Brazil</u> (48)	<u>Brazil</u> (61)	<u>Brazil</u> (64)	<u>Brazil</u> (71)	<u>Brazil</u> (50)	<u>Brazil</u> (49)	<u>Brazil</u> (45)	<u>Brazil b/</u> (162)	<u>Brazil b/</u> (140)	<u>Brazil b/</u> (124)	<u>Brazil b/</u> (137)	<u>Brazil b/</u> (121)	<u>Brazil b/</u> (99)	<u>Brazil b/</u> (101)	<u>Brazil b/</u> (58)	1 330
		<u>Venezuela</u> (82)				<u>Venezuela</u> (66)										148
			<u>Argentina</u> (72)	<u>Argentina</u> (69)												141
				<u>Cuba</u> (62)												62
					<u>Bolivia</u> (124)	<u>Bolivia</u> (41)	<u>Bolivia</u> (38)			<u>Bolivia</u> (60)			<u>Bolivia</u> (32)	<u>Bolivia</u> (38)		333
					<u>Mexico</u> (43)	<u>Mexico</u> (54)	<u>Mexico</u> (25)	<u>Mexico</u> (47)		<u>Mexico</u> (47)	<u>Mexico</u> (52)	<u>Mexico</u> (49)	<u>Mexico</u> (51)	<u>Mexico</u> (31)	<u>Mexico</u> (35)	434
					<u>Uruguay</u> (72)		<u>Uruguay</u> (86)	<u>Uruguay</u> (72)								230
						<u>Ecuador</u> (48)		<u>Ecuador</u> (40)		<u>Ecuador</u> (61)			<u>Ecuador</u> (37)			186
							<u>Paraguay</u> (36)									36
						<u>Peru</u> (78)		<u>Peru</u> (74)	<u>Peru</u> (74)	<u>Peru</u> (46)				<u>Peru</u> (30)	<u>Peru</u> (31)	333
							<u>Central America</u> (60)	<u>Central America</u> (55)	<u>Central America</u> (54)	<u>Central America</u> (32)			<u>Central America</u> (43)	<u>Central America</u> (48)		292
							<u>Dominican Republic</u> (72)				<u>Dominican Republic</u> (78)	<u>Dominican Republic</u> (31)				181
													<u>Chile</u> (64)			64
80	48	143	136	300	345	258	308	527	269	392	343	201	325	248	124	4 048

^{a/} Not including intensive courses held at the national level on the sole responsibility of the Governments concerned.

^{b/} Since 1963, three intensive courses have been held every year in Brazil.

Table 3

TRAINING PROGRAMME

Number of participants in special courses

(1962-70)

	1962	1963	1964	1965	1966	1967	1968	1969	1970	Total
Health planning	20	35	34	37	37	30	25	30	30	278
Educational planning	27	38	43	72 ^{a/}	34 ^{b/}	33	-	-	-	247
Planning for the housing sector	-	-	-	-	31	-	-	-	-	31
Economic development and planning course for trade union leaders	-	-	-	-	24	-	-	-	-	24
Annual operational plans	-	-	-	-	-	-	13	-	-	13
Human resources planning	-	-	-	-	-	-	28	-	28	56
Regional planning	-	-	-	-	-	-	-	-	26	26
<u>Total</u>	<u>47</u>	<u>73</u>	<u>77</u>	<u>109</u>	<u>126</u>	<u>63</u>	<u>66</u>	<u>30</u>	<u>84</u>	<u>675</u>

a/ This course was held at Buenos Aires, and was attended by 72 trainees from 18 Latin American countries, of whom 46 were Argentines.

b/ This course was held at San José, Costa Rica, and was attended by 34 trainees from the five Central American countries, the Dominican Republic and Panama.

/With the

With the twofold aim of reformulating the Basic Course and providing support for the research work that the Institute has initiated to reinterpret Latin American development and its prospects, the teaching staff of the Programme summarized each of the topics taught in the Basic Course. Each summary outlines its objectives, provides an annotated description of each of its topics and indicates the most substantive aspects of methodology. This material should be extremely valuable as a point of departure for activities to support the research work mentioned above, while being one of the basic documents in the formulation of the new course.

(a) Intensive courses

The following is a brief account of the intensive courses held in 1970:

(i) Manaos (Brazil). The intensive course on economic development problems was held from 1 June to 5 September, in collaboration with the Economic Development Commission of the state of Amazonas, ECLA, the United Nations Development Programme (UNDP), and the ECLA/ILPES Office in Brazil.

The following subjects were taught: statistics, economic analysis, social accounting, economic policy, Brazilian economic policy, public sector planning, project formulation and evaluation, and regional economics. There were 32 participants.

(ii) Belo Horizonte (Brazil). An intensive course on industrial planning was given from 17 August to 12 December, with the co-operation of the state Development Council, UNDP and the ECLA/ILPES Office in Brazil. It was attended by 18 professionals, most of whom held posts in state agencies.

The following subjects were covered: mathematics, economic development theory, industrial sociology, Latin American and Brazilian industrial development, industrial statistics, industrial programming, programming at the project level, international trade in manufactures, the basic metals industry, the iron and steel industry, the chemical industry, the metal-transforming industry, the textile industry, the food industry, and case studies.

/(iii) Campinas

(iii) Campinas (Brazil). The Institute continued to co-operate during 1970 under its agreement with the Universidade de Campinas (Brazil) in post-graduate courses on planning. A general planning course was held from 30 March to 26 July attended by 8 professionals from governments and universities in a number of states.

The following subjects were taught: planning instruments, central planning course, mathematical models, and economic policy; and lectures were given on planning in Brazil.

The course was held in co-operation with ECLA and UNDP.

(iv) Lima (Peru). A course on planning and development was held between 2 March and 18 December. The first part of the course, taken by all participants, was concerned with general background, while the second comprised two alternative special subjects: external sector planning and regional planning. A total of 31 trainees participated, either from government offices or, if recent graduates, having top grades in their respective subjects. The course was again held in co-operation with the Peruvian Advanced School of Public Administration and UNDP.

The first part of the course covered economic analysis, social accounting, international economics, economic development, sociology of development, planning, theory and organization of the State, project formulation, seminar on national development, project evaluation, economic policy, administration for development, development and dependency in Latin America, annual operational plans and economic integration.

Under the special subject of external sector planning, the following were covered: instruments for analysing the external sector, ALALC and the Andean Agreement, foreign trade policies, export promotion, external financing, economic policy as the context of foreign trade, and guidelines for industrial policy.

Under the special subject of regional planning, the following were covered: regional economic analysis, regional development in Latin America, regional structure and formation of Peru, instruments for regional analysis, theory and methods of regional planning, regional development strategy for Peru, regional plans and policies in Latin America, urban and metropolitan planning, regional planning in the Brazilian Nordeste, and regional planning in Venezuela.

/(v) Central

(v) Central America. Intensive course on national accounts. This course was held at Mexico City between 5 and 30 October under the sponsorship of the Executive Secretariat of the Central American Monetary Council, the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), the United Nations Office of Technical Co-operation, ILPES and ECLA. A total of 35 professionals attended, most of them members of national accounts teams in the Central American countries, Panama and Mexico, including the heads of each team in all these countries except Mexico.

The course covered the following: new systems of national accounts, matrices and vectors, input-output models, valuation of macroeconomic flows at constant prices and evaluation of national accounts estimates.

(b) Special courses

(i) Regional development planning course. This course was held at ILPES headquarters at Santiago, Chile, and was organized by the United Nations through ECLA, ILPES and the Office of Technical Co-operation, in collaboration with the Latin American Council of Social Sciences (CLACSO). The course lasted from 31 August to 3 October and was attended by 26 professionals from 15 countries.

This course was given because Governments and planners have shown increasing interest in recent years in the regional aspects of national development strategies and policies. Moreover, for some years now a number of countries have been carrying out specific development programmes for isolated regions to cope with individual problems, and this makes it impossible to have an effective strategy for the national economic space as a whole.

The course covered four general topics and comprised seminar sessions and theory classes. These topics were: general approach to development; regional aspects of development; regional planning; and the evaluation of regional planning experience. A number of lectures were also given on specific aspects of regional planning. The participants prepared papers describing, analysing and evaluating regional planning experience (at the national, regional or sectoral levels) in their own countries.

/The teaching

The teaching staff came from ECLA, ILPES and CLACSO, and outstanding experts in regional planning participated from the United Nations Research Institute for Social Development (UNRISD), the United Nations Office of Technical Co-operation, the Institute of Social Studies at the Hague, McMaster University (Canada), the Argentinian Centre for Urban and Regional Development Studies, the Massachusetts Institute of Technology and the Chilean Interdisciplinary Urban and Regional Development Centre.

(ii) Training course on human resources planning. This course - which was first held in 1968 - was given at Santiago, Chile between 18 May and 28 August in co-operation with the International Labour Organization (ILO) and its Regional Employment Programme for Latin America and the Caribbean Area (PREALC). A total of 28 professionals participated from agencies connected with various aspects of human resources planning in 15 countries.

The course was designed to train specialists in human resources planning from different branches to undertake intersectoral work in conjunction with general economic planners.

The main subjects covered were: introduction to economic analysis; introduction to the study of human resources; demographic aspects of the supply of human resources; economic and social development; use of human resources; notions of statistics and labour force surveys; over-all planning; human resources planning; and economic and human resources policy.

The last week of the course was devoted exclusively to a high-level seminar on development and employment policies in Latin America, attended by acknowledged specialists in the field.

Discussions at the seminar covered topics connected with employment policies within the context of development policy, inter alia, income distribution and employment; agricultural development and employment; industrial development and employment; economic integration and employment; development, technology and employment; educational planning and employment; development options and employment policy; human resources planning; and employment-oriented development policy.

/(iii) Health

(iii) Health planning course. As in earlier years, this course was held at Santiago in co-operation with the Pan American Sanitary Bureau. A total of 30 professionals from 14 countries attended the course, which lasted from 27 July to 13 November.

The objectives of the course were to provide intensive training in the principles and methods of health planning; to familiarize participants with the concepts, method and content of economic and social planning; and to provide an opportunity for exchanging experience and views.

The course comprised classes on the conceptual and methodological aspects of health planning and practical work.

The following subjects were covered: the problem of health, planning for economic development, sociology of development, methods and techniques of health planning, the health planning process, and the current situation in Latin America.

2. Research

(a) Change and development

In an address at the opening session of the Ninth Meeting of the Board of Governors of the Inter-American Development Bank (IDB), held at Bogota in April 1968, the then President of Colombia, Dr. Carlos Lleras Restrepo expressed his concern over the failure of Latin America to achieve the targeted rates of development set in a number of Latin American agreements, and recommended that the Bank take the initiative in carrying out an in-depth evaluation of "the true significance of international assistance to Latin America during the last decade or so; an evaluation ... of what can and must be done to correct the defects at the national level and those of external co-operation".

The IDB - following the President of Colombia's suggestion - entrusted this task to Dr. Raúl Prebisch, in his capacity as Director-General of the Institute who prepared a report in co-operation with Institute and ECLA technicians which was submitted to the Meeting of the Board of Governors of IDB held at Punta del Este (Uruguay) in April 1970 under the title Change and Development: Latin America's Great Task. This report has gone through several versions during the year: the first version was submitted to the Meeting at Punta del Este in April, followed by a revised version issued in May by the IDB. A Mexican publishing house, with IDB permission, has just published the final version of the report which has been very well received on the international scene as editions are being prepared in several languages, including Japanese.

Referring to the final version of the report recently published in Spanish, which has been modified quite appreciably in form compared with the earlier mimeographed versions, the following is a brief outline of Dr. Prebisch's new interpretation of Latin American development, which he worked out in wide-ranging and frank discussions with his Latin American colleagues in ECLA and the Institute.

The first part of the report is a general introduction to the development of Latin America and its problems, and discusses the lack of dynamism of the Latin American economy, the acceleration of development and the
/obstacles in

obstacles in its way, and development options and international co-operation.

The second part - which examines the region's lack of dynamism and possible remedies and is written in a more technical style possibly not as accessible to the non-specialist as the other parts of the report dealing with political aspects and practical action - contains three chapters. The first examines population growth and the occupational structure of the labour force. The second looks at growth rates and the external factors hampering development. And the third suggests possible remedies for insufficient dynamism in an examination of the distortion of the occupational structure and the rate of development, and of requirements as regards capital formation and international financial co-operation for the acceleration of development. The chapter ends with a section on the technique and political art of development, which links this strictly technical part of the report with the other parts where the ideas expressed are more general and the emphasis is more on practical action.

The third part, which deals with international co-operation and dependence, expands on points raised at the end of the first part and discusses very important questions concerning Latin America's relations with the rest of the world and also inter-Latin American co-operation. It reviews international financial co-operation and the importance of multilateralism; the volume of international financial resources; the continuity and terms of financial co-operation; foreign private investment; and UNCTAD recommendations and the problem of preferences in the field of trade. The part ends with a critical appraisal of the present co-operation picture in Latin America, viewed mainly from the stand-point of the regional common market.

The fourth part, which covers change in the economic system, comprises two chapters. The first considers the structural bases for the system and its operation, with special reference to the classic dilemma between immediatism and foresight in policy decisions; goes on to consider the contradictions implicit in scientific and technological progress as regards State action and the market mechanism, capital formation, foreign trade and population; continues with an examination of technology and its
/adaptation to

adaptation to Latin American conditions, and State action to smooth out social and geographical disparities; and ends with some comments on the strategy of planning and planning experience.

The second chapter in the fourth part, which is entitled "Beyond the Economic System", moves the vital questions dealt with in the rest of the report out of the purely economic sphere and relates them to the most burning moral and political issues of our time, in an attempt to show the need for Latin America's current ferment to foster genuinely independent thinking.

The fifth part contains conclusions and summarizes the main points made in the report for solving Latin America's economic and social development problems. In its final version, the report ends with a statistical appendix containing figures and tables supporting the text.

In October 1970 a seminar at Institute headquarters under IDB's sponsorship to discuss the report, was attended by outstanding experts from Latin America, the United States and Europe. A second volume of the report is to contain the supporting technical studies prepared by experts from ECLA, the Institute and other agencies, and a third volume will be issued with an account of the proceedings of the seminar.

(b) Economic research

During 1970 research into Latin American development problems and policies continued on the basis of the preliminary formulation given in the document entitled "Elementos para la elaboración de una política de desarrollo con integración para América Latina", prepared in mid-1969. There was particular progress in the explicit incorporation of the problems of the savings gap and in analysing the impact of closing the savings gap on the behaviour of the highest income groups in the region. Progress was also made in examining what contribution external financing might make to solving balance-of-payments problems, with reference to the implications of changes in repayment periods and interest rates, and the rate of capital inflow. Research also proceeded into the implications of policies for exports of manufactures and integration policy in the economic development of Latin America in general and the

/Andean Group

Andean Group in particular. Special attention was devoted to considering the possibilities of policies to expand domestic markets by providing employment on a massive scale and redistributing income, as a means of overcoming the problems of marginality. This was done in relation to the Andean Group, but the conclusions obtained provide a useful methodological guide for examining the problem in the broader context of the region as a whole.

All this work produced a number of documents. A report was prepared in collaboration with ECLA entitled "El estrangulamiento externo y la escasez de ahorro en el desarrollo de América Latina: análisis de los problemas y algunas de las soluciones", to accompany the report submitted to IDB by the Director-General. This document is a technical analysis of some of the points raised in the report and will be issued shortly.

Another document was a report for the Assembly of CLACSO, which was prepared on behalf of all the centres participating in the CLACSO Commission on National Development with Integration.

A report was submitted to the meeting organized in Brazil by the Inter-American Planning Society dealing with some of the main development problems and policies of Latin America. The Institute also co-operated with the Board of the Andean Group in work described in a later section.

Substantial progress has been made in studying the development problems and policies of Latin America in co-operation with the Latin American Demographic Centre (CELADE). A model has been prepared for computer processing for use in examining the relations between some of the main demographic variables—chiefly the birth rate and the participation rate—and economic variables, such as the growth rate and the absorption of manpower. The model is designed to improve the integration of population policies with development policies, so as to permit specific and quantified examination of their main interactions. The model is already in operation and will be used during 1971 to test certain hypotheses.

/The Institute

The Institute/CELADE team participated in preparatory work for the Regional Latin American Population Conference which was held at Mexico City in August 1970. One of the contributions by Institute specialists was a report on population policies. During the meeting on this topic, the Director-General made a statement in which he discussed the problems of demographic growth, the technological revolution and economic development.

During the year the Institute signed an agreement covering co-operation with the Institute for Latin American Integration (INTAL) and the Economic Research Centre of the Torcuato di Tella Institute. One of the studies to be undertaken will examine the impact on a given country of different types of specialization in exports to an integrated area. It will endeavour to formulate specific criteria and also a methodology illustrated by cases with a view to showing in detail how an export of a given manufacture involving different economic sectors would affect the balance of payments, the economic structure, employment, etc. The programme of work has already been discussed in detail with an economist specially recruited by INTAL for this purpose.

Another project being undertaken in co-operation with INTAL and the Torcuato di Tella Institute is studying the implications for Argentina of combining a policy for exporting manufactures outside the region and a policy of economic integration with the rest of Latin America. Since these are among the main approaches being considered by Argentina to deal with its development problems, it is thought that this study could yield criteria that will show up the extent to which the two policies can be complementary to each other.

The Institute co-operated with the Centre for Development Studies (CENDES) of the Universidad Central de Venezuela during 1970 in preparing the second draft of a document on styles of development which had been presented to a meeting of the CLACSO Commission on National Development with Integration, which is co-ordinated by the Institute. The revised document should provide a more explicit formulation of the hypotheses distinguishing each of the styles of development examined by CENDES, and will look at the assumptions of these hypotheses and their results. It is hoped that

/this work

this work will eventually lead to publication of the study undertaken by CENDES in co-operation with the Institute.

Discussions were held with the Centre for Economic and Demographic Studies of the Colegio de México on a study of employment policy in Mexico. A draft of the study was completed in 1970 and in 1971 a more in-depth analysis will be made of some aspects of Mexican development, particularly from the standpoint of the absorption of manpower.

As regards work in connexion with the countries forming the Andean Group, which are discussed in a separate section of the present report, Institute and ECLA specialists jointly prepared two reports. The first, entitled "Vinculaciones entre los planes nacionales de desarrollo y la planificación conjunta" was completed in early 1970 for consideration by the Andean Group. The second should be completed by the end of 1970.

With respect to monetary and financial programming, part of a document summarizing experience in a number of cases in Latin America is in the final revision stage and will be published shortly together with studies on monetary and financial programming at the national level.

The Institute also co-operated during the year with the Universidad Nacional del Uruguay, which is researching into Uruguayan experience in programming monetary and financial policy. Special attention is being devoted to adapting the methodology to the requirements of economic development.

In late 1970 work was under way in collaboration with the ECLA secretariat to revise a series of country monographs on the external bottleneck and the savings gap. This task is due to be completed in early 1971 so that the revised monographs can be submitted to the Session of the Commission to be held at Santiago, Chile, in April.

Lastly, it should be noted that during the year some tentative ideas were discussed regarding a research project into dependence on external factors and it is expected that a specific programme of work for this project will be ready early in 1971.

/(c) Social

(c) Social research

In the field of social research, the Institute continued work on a number of studies and began others.

A contribution on the subject of youth was prepared for the Director-General's report to the IDB, and a preliminary draft of a document entitled "Some reflections on Latin American youth" was prepared, and will be issued shortly.

Since virtually all the problems of youth are covered in the joint Institute/UNICEF programme, which has already yielded practical results in many areas, work has proceeded on several studies connected with youth. A study was prepared on UNICEF policy in Latin America and research was undertaken into university student movements in Argentina, Chile and Mexico. A collection of studies on youth carried out by the Institute was prepared for the printers, and for this purpose an analysis was made of existing data and a supplementary note was written for the study on young women and employment in Peru.

Research into marginality continued in two basic directions. On the theoretical side, the results of research were submitted in a document to the seminar organized by the IDB and the Sociedad Chilena de Planificación y Desarrollo (PLANDES) in Santiago, Chile, under the title "Hacia una síntesis dialéctica de la marginalidad". On the practical side, a survey was made of low-income settlements in Quito (Ecuador) on the basis of a sample comprising 940 heads of family. This survey is at present at the data processing and analysis stage and a first draft of the survey report is being prepared.

Work has continued on the relations between education and development and so far two studies have been completed: "Algunas paradojas del desarrollo de la educación de América Latina y su influencia sobre la Universidad", to be published in the Institute's periodical; and "Educación y cambio social en América Latina", prepared for a seminar organized by the Argentine Ministry of Education.

/Work has

Work has also begun on the contribution on social matters to the Institute study which is to give a new interpretation of the Latin America's economic and social problems and which is expected to be issued in 1971. Given the importance and significance of this study from both the theoretical and the practical standpoints the first step taken was to prepare a summary statement of the problems involved in a sociological interpretation of the development of the region for discussion in the courses and seminars organized by the Institute. An outline was also prepared for the main items of the social contribution to the basic study planned for 1971, and the work has begun on the classification and organization of the main interpretations of Latin American development and of the most important theories on the State and political systems.

Research on specific topics and on the general theoretical interpretations referred to above has focused on the basic problems of planning, and to this end analyses and interpretations have been made of the various types of planning, the forms of rationality they involve and their social foundations. The main results of this work are summarized in a document entitled "La planeación en las formas de racionalidad" which is being discussed at length in the Institute with a view to subsequent publication in a document covering various social aspects of development or in the Cuadernos del Instituto series.

(d) Other research

Apart from what is referred to inside the Institute as "the volume", which is an attempt to reinterpret economic and social development in Latin America, to which reference has already been made earlier, research activities have also covered other fields.

The Institute is now beginning to take its first steps into the field of technology and development, and a great deal has been done as regards the formulation of a programme of work. Material has been compiled and a start has been made on analysing it; also, contacts have been established with persons and Institutions that can usefully complement the Institute's scarce resources. Notes for internal discussion have already been prepared and a research programme has been worked out.

/Work has

Work has also begun on the regional and urban problems of development, a field about which there is a great deal of concern in Latin American intellectual circles and which is closely linked to planning. Thanks to co-operation from the OAS, one of its experts was assigned to the Institute for several months and prepared a document entitled "Notas sobre problemas del desarrollo urbano", which is as yet at the internal discussion stage. A research programme has been prepared covering collaboration with Latin American centres concerned with regional and urban problems and co-operation by IDB and the Institute on matters of mutual interest.

With respect to research on industrial planning, a study was prepared on the major problems of industrial development in Latin America which was used as a basis for the general interpretation of Latin American development given in the Director-General's study on change and development.

An analysis was also made of industrial development approaches and possibilities in the countries of the Andean Group from the standpoint of joint planning activities. An outline of the industrial development strategy of the Andean Group was also drawn up, and co-operation was provided in the formulation of an industrial model covering two digits of the United Nations SITC.

For publication in the series of Cuadernos del Instituto, and Manuales operativos technical revisions were made of two studies: "Consideraciones sobre la estrategia de la industrialización de América Latina" (Anticipos de investigación) and "Planificación de la encuesta industrial" (Manuales operativos). In connexion with the periodical planned by the Institute, discussions were organized on employment problems in Latin America, with particular reference to industry.

Under the head of research on agricultural planning, work was completed on the preparation of an annotated outline for a document on the subject. It is hoped that this will culminate in the publication of a document towards the end of 1971 or early 1972 which will fill a large vacuum in this very important aspect of sectoral planning. Starting in 1971, an agricultural planning programme is to be initiated, and provision has been made for the recruitment of various specialists supported by

/those Institute

those Institute specialists who have already accumulated a valuable fund of experience in connexion with the Institute's advisory services to the countries of the region.

Research has been initiated on natural resources in relation to development and planning, and the results may be used as a basis for a course. The studies of land and water have been completed.

A number of studies were made of the environment and work proceeded on the development of a basic framework and methodology for the treatment of natural resources in planning. Participation by the Institute in a course organized by the Department of Biology of the Universidad de Chile led to a study of renewable natural resources and the most suitable ways of using them.

At the beginning of 1970, under the Institute's arrangements for co-operation with Resources for the Future, Inc., a first draft was completed on State policy in the development of new land in the humid tropical zones of Latin America, and it has been revised by a number of specialists from the Institute, ECLA, FAO and the IDE, in both Santiago and Washington.

Stemming from the Institute's advisory services to Bolivia, a study was made of land use planning in Bolivia. A total of 580 questionnaires covering landholdings in Bolivia have been tabulated and are currently being analysed.

As regards human resources, in addition to the training activities undertaken in co-operation with ILO/PREALC described in the first part of this report, the Institute carried out statistical research for the Director-General's to the IDB.

At the Institute's initiative, steps were taken to establish a joint ECLA/CELADE/ILPES/PREALC working group to keep a record of standard data on population, the labour force and employment and to develop the necessary employment estimates.

In co-operation with CELADE, and in consultation with the advisory services specialists of the Institute, a document was prepared on the GPC-2 Model which, apart from its direct relevance in Minas Gerais (see section 3), constitutes an instrument for quantitative approximation in the selection of employment-oriented development strategy options that can be applied, with some changes, to other areas.

3. Advisory

3. Advisory services

During 1970, the Institute's activity in the field of advisory services continued to be mainly concerned with co-operation with Governments in the formulation of long-term development strategies and the design of operational or short-term plans. There have been significant changes as regards the formulation of strategies. The Institute has been collaborating very actively in the Andean integration effort, especially in connexion with the formulation of a regional development strategy that is a cohesive expression of the national development objectives of the countries of the Andean Group. In addition to the qualitative change involved in providing advisory services to a group of countries, these activities have been carried out jointly by the various programmes and divisions of the Institute.^{1/}

(a) Development strategies

(i) Minas Gerais (Brazil)

Continuing the activities provided for under the agreement between the Development Council of the state of Minas Gerais and the Institute covering the formulation of a long-term development strategy, at the over-all and sectoral levels, through which it will be possible to identify the principal measures that should be adopted for the future development of the state, and likewise to establish bases for drawing up medium- and short-term plans, an over-all, sectoral and operational mission visited the state between 1 June and 12 July, and a number of sectoral experts also made brief visits.

The mission concentrated on defining the strategic role of the different regions in the state and its work is outlined in two documents: "Espacio rural y la estrategia" and "Regiones para fines de programación". In addition, as a result of qualitative and quantitative improvements in the strategy data, a document was produced entitled "Directrices de la estrategia de desarrollo - visión cualitativa y cuantitativa" which takes the region as its basic frame of reference.

^{1/} See section 4: 'Planning and Andean integration'.

With the help of population and human resources experts, the population and employment figures have been for the most part worked out and a methodology has been established for dealing with employment problems. In addition, with the help of an expert on models, an improved interpretation has been made of the development process in Minas Gerais, and this will assist in evaluating the growth effort, the new urban-spatial pattern required, the rural-spatial structure, and the strategic function of each of the regions, as a first approximation to a synthesis of the economic operation of the state.

In the field of education, and in co-operation with a UNESCO expert, a diagnosis was made of the educational sector and specific measures were developed for substantially improving the efficiency of the educational system; for this purpose, methodologies have been developed for use in preparing future plans. Budgetary policy for 1971 was examined with a view to introducing some new basic approaches in the allocation of resources.

With respect to health, work began on the preparation of a diagnosis in co-operation with the World Health Organization Office at Rio de Janeiro.

Work relating to the agricultural sector covered the following:

(a) an expanded analysis of the institutional structure of the sector, with the aim of identifying the main problems and suggesting suitable measures for solving them; (b) links with budgetary policy for 1971, with a view to incorporating some strategic approaches in fiscal policy; (c) studies on the structure of demand for agricultural commodities and demand projections; (d) stepping up work on the regionalization of the agricultural sector; (e) reviewing the functional role of the regions; and (f) methodology for compatibilizing agricultural supply.

As regards industry, work has proceeded on improving the data available on the sector so as to make it possible to identify potential development areas and their spatial location. The Institute co-operated in the preparation of the documents relating to the industrial sector mentioned above.

With respect to the transport sector, work has continued on improving the collection of data and an attempt has been made to draw up an inventory
/of projects

of projects under way and in preparation, with their respective costs, with a view to comparing them with and the transport requirements, of the strategy proposals.

As regards the public sector, work also continued on improving data collection, and data on the state public sector for a five-year series was consolidated. A methodology has been established for the consolidation of data on the over-all public sector in Minas Gerais. An inventory has been drawn up of the main economic policy instruments, describing responsibility for each, the areas of overlapping and their main characteristics, to assist the sectoral planners.

(ii) Bolivia

During the first half of 1970, the Government of Bolivia, acting through its Ministry of Planning and Co-ordination, requested advisory assistance from the Institute and ECLA in the preparation of a strategy for national economic and social development. A basic document in this respect was Supreme Decree No. 09131 of the Bolivian Government which stated that it was essential to formulate a national development strategy that would substantively cover political, economic and cultural matters and social participation. The decree noted that the formulation of the strategy required the participation of all agencies in the public sector and the armed forces, and of private agencies and basic organizations; and that it was necessary to mobilize their participation in a functional and systematic manner to ensure that the internal assistance furnished by the United Nations was used in an efficient manner in the formulation of national development strategy.

Under the Decree a complete national organization to formulate the development strategy, was established ranging from a national commission down to functional subcommissions for the various sectors. This type of national organization, it should be noted, is a very much better arrangement than having a single central planning office in which so often all responsibilities are concentrated.

A mission from the Institute and ECLA spent seven weeks in Bolivia working with all the commission and sub-commissions and providing technical advice in the preparation of the first draft of the development strategy formulated by the Government.

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Subsequently, a mission by a smaller team was requested, comprising a head of mission, a general programmer, an agricultural programmer, an industrial programmer and a social programmer, to assist in compatibilizing the strategy.

One of the basic economic components of the strategy is a deliberate effort to generate domestically and over the short term the maximum amount of surplus resources. The idea is to achieve surpluses in the external market by giving priority to short-term projects covering items with relatively secure markets, and in the domestic market by making better use of potential through making use of currently idle capital equipment and natural resources and by incorporating marginal groups into production and the consumer market. The domestic resources thus generated would at a later stage help finance larger scale projects so that external financing would gradually take on a secondary role.

Another specially interesting feature of the strategy is that it explicitly includes short-term policy. It is not just a question of investment financing, but of dealing in a systematic way with the links that should exist between short-term policy and the strategy, leading to medium-term plans which should emerge from the strategy itself. This should help to ensure that the strategy does not become a dead letter, as it might if the daily decisions taken under the short-term policy dealt with only with transitory phenomena. Although short-term policy cannot be completely divorced from such phenomena, the aim is that it should have a clear place within the over-all objectives of the strategy; and that the means and instruments used will ensure a constant and permanent link between the short and the long term.

(b) Medium-term planning (Peru)

As a result of the devastating earthquake of 31 May 1970, the United Nations initiated an intensive programme of assistance in various fields. One of the decisions of the Secretary-General was to appoint the Director-General of the Institute as his personal representative to the Peruvian Government. Following the initial contacts with the Government, a request was received for technical assistance in connexion with the medium-term plan that the National Planning Institute was preparing at the time the earthquake occurred. Owing to the large amount of material damage caused, it was

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necessary to change the priorities for resource allocation in the development plan covering the period 1971-1975, and to identify technical assistance needs as regards planning for the affected area.

In response to this request, ECLA and the Institute formed a joint team of six experts, comprising an adviser on planning, a general programmer, a specialist in statistics and economic models, an expert on regional planning, an expert on transport and an expert on natural resources. The team's mission was financed by UNDP.

The team analysed the material produced for the 1971-1975 development plan, as regards over-all planning, planning the main sectors of economic activity, such as mining, industry and agriculture, and also regional planning.

In close contact with technicians from the central planning office and the sectoral and regional offices, discussions were held to consider work targets and also to work out how to approach plan formulation in the light of the new situation. The members of the team stayed in Peru for various periods over a total of three months. During this time, the Peruvian authorities were unable to complete their plans for the rehabilitation and development of the area affected by the earthquake, but the team co-operated in identifying what more permanent technical assistance was required, and assisted in the following ways:

- (i) Co-operation in defining the terms of reference of four technical assistance experts requested from the United Nations (Office of Technical Co-operation (UN/OTC) for a year to assist with short-term planning, plan financing, regional planning and national accounts.
- (ii) Advisory assistance on projects in connexion with a mission undertaken by the Institute which recommended that a national preinvestment system should be established and that a group of international experts on preinvestment should be attached to the Peruvian Reconstruction and Rehabilitation Committee (CRR). This led to the preparation of two project requests for financing by UNDP, the second of which has already been submitted to UNDP.
- (iii) Co-operation in the preparation of a regional planning project
/in two

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/in two

in two phases—an emergency phase and a development phase—the first of which would be financed by ECLA and the second by UNDP.

In work connected with the first phase, the Institute will co-operate with ECLA, which is to be the executing agency for the project.

The work done in Peru is an interesting example of the type of co-operation that can arise among the Institute, UN/OTC and UNDP, stemming from integrated and co-ordinated participation in United Nations technical assistance, in co-operation with countries.

(c) Operational planning

(i) Minas Gerais (Brazil)

In conjunction with the formulation of a development strategy for the state of Minas Gerais, the Institute also co-operated in the design of an operational plan. A document entitled "La reforma institucional" was prepared, with a view to adapting the state apparatus to meet the requirements of planned action. In addition, talks have been held on the problems of public sector financing in the state and measures have been recommended for solving the state's financial difficulties. With this end in view, a number of the strategy guidelines have been incorporated in the budget, and joint budget and planning groups have been established in order to determine budget policy. A document was drafted on the current problems of the planning system containing some suggestions for solving them.

In the specific field of programme and performance budgeting, a great deal of effort has been made to secure support from administrative cadres at different levels in the budgeting exercise. For this purpose, courses have been held for some two hundred public officials involved directly or indirectly in the administration of the budget. These courses bore fruit immediately, for the 1971 budget was prepared much more rapidly than in the past and provided basic data for analysing the different aspects of each sector. Substantial changes have been made in the structure of the budget to ensure the necessary integration with medium-term planning.

(ii) Chilean Development Corporation (CORFO)

The Institute continued to provide CORFO with technical assistance during 1970 in relation to annual planning. Advisory assistance was given
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in the first half of 1970 in the formulation of the budget for 1971 and substantial changes were incorporated in the light of experience with the 1970 budget.

The Institute has been working since the last quarter of 1969 with the Office of the Financial Manager to adapt budgetary accounting to the requirements of the new system. A mechanized system is already in operation containing sufficient data to assess the financial progress of the budget.

In order to supplement financial data with running data on actual progress and costs, assistance was given in the preparation of standards and procedures for budget evaluation and control. The first half-year report on the execution of the performance budget of CORFO and its associated agencies is already available.

The use of programme and performance budgeting at all levels has yielded important criteria for improving the organization of CORFO, and co-operation has been provided in designing new functional structures for the Corporation.

During the year, important meetings and seminars have been held with the staff of CORFO directly related to the implementation of programme and performance budgeting.

iii) Córdoba province (Argentina)

The province of Córdoba requested advisory assistance from the Federal Investment Council (CFI) of Argentina relating to operational planning and performance budgeting. The CFI requested assistance from the Institute through the National Development Council for the formulation and implementation of changes in planning and budget systems in the province. Advisory assistance was furnished in June, July and the second half of September.

Following national guidelines, the province of Córdoba is engaged in formulating a medium-term development plan for the period 1971-1975. The provincial public sector plays a very important role in the plan, and hence the basic aim of the advisory activities was to make the budget an instrument of planning so as to make it possible to link the medium with the short term.

The first step taken was to set up an executive committee to manage the budgetary reform. The committee undertook all the work needed to produce changes in existing systems and drew up a timetable for the reform.

/Links were

Links were established between programme units in the light of the public sector's needs and the requirements of the plan; the forms for budget formulation were designed and bases were established for budget execution and control.

Work also proceeded simultaneously on staff training, in connexion with which direct contacts were established with executive units in a number of sectors.

As an immediate result of the assistance furnished, the Central Budget Office was reorganized, and new technicians were selected and recruited to deal with all the work flowing from the implementation of a complete performance budgeting system.

(iv) Guatemala

During the month of March, the Institute advised the Government of Guatemala on the preparation of a draft bill regarding the national planning system. The Planning Office was responsible for drafting a development programme for the period 1970-1976 and for adapting the structure of the programme and that of the planning system to the new economic requirements flowing from the bill. An institutional requirement of the development plan was a project for the national planning system, which the Institute helped to prepare.

The draft bill contains a complete presentation of planning organs and functions and establishes superior, sectoral, institutional and regional levels; it provides for links between medium-term and short-term plans and for the participation of the private sector in the various stages of planning; and also regulates information systems covering statistical and national accounts data and gives priority attention to operational planning machinery by mentioning the need for committee on annual planning.

(d) Other advisory activities

In addition to the advisory services furnished to the countries of the Andean Group, which are described in section 4 of the present report, the Institute has undertaken a number of other activities. As regards industrial matters, at the request of the ECLA Mexico Office and Nacional Financiera S.A.--which is responsible for industrial promotion in Mexico--the Institute /has co-operated

has co-operated throughout the year, through three extended missions by an Institute expert, in the preparation and formulation of a strategy and policy for industrial development in Mexico. As this report was being written, the Institute was co-operating in drafting a report final for submission to the Mexican authorities.

At the request of the Technical Planning Secretariat of Guatemala, and as a supplement of the advisory assistance mentioned in section 3(b)(iv) above, the Institute co-operated in the formulation of a project for the reorganization of the Ministry of Agriculture in matters relating to agricultural planning. The aim sought was to harmonize the activities of the agricultural sector with those of the national planning system to provide the sector with greater operational flexibility in the exercise of the functions assigned to it in the development plan.

4. Planning and integration in the Andean Group

There were significant developments during the year with respect to Andean subregional economic integration, including the establishment of the organs of the Andean Agreement and the first decisions on the implementation of the instruments and machinery of the Agreement.

The basic features of the Agreement, and the vast scope of its aims as regards the role of integration in accelerating the development of the member States, open up a broad field of concerns and activities that will have to be dealt with as a development policy covering matters of common interest is gradually worked out.

The stated purposes of the Agreement to harmonize economic policies and to co-ordinate national development plans in specific sectors are based on the aim of adopting a strategy for the development of the subregion and on joint industrial programming. It follows that it is necessary to make national development policies compatible with joint subregional policy.

As noted in the Report on the activities of the Institute in 1969 (INST/L.17 and Add.1), the Institute and ECLA have been co-operating in these initial efforts from the outset. The presentation of a set of preliminary ideas on the subject of Andean integration ^{1/} was designed to illustrate the task of providing a linkage between national development plans and subregional integration, a topic which was considered at the First Meeting of Chiefs of Planning Offices at Lima in October 1969.

In a resolution adopted at the Meeting, ECLA and the Institute were requested to co-operate in the preparation of a further study which would (a) give criteria for the joint programming of industrial development in the Andean subregion; (b) examine the industrial potential of the subregion; and (c) give due weight to the comparative advantages of the various countries and to the balanced development of the subregion.

^{1/} See "Programa de trabajo sobre las vinculaciones entre los planes nacionales de desarrollo y el proceso de integración de los países de la Declaración de Bogotá" (Mimeographed, August 1968).

It is worth while noting the significance and scope of this Meeting. On the one hand it made it clear that subregional economic integration can and must be one of the central tasks of the national planning offices, and on the other emphasized that the industrial sector has to play an important role in achieving the objectives of integrated development.

In response to this request, the Institute prepared a study entitled "Criterios y posibilidades de desarrollo industrial y planificación conjunta", which was submitted to the Second Meeting of Chiefs of Planning Offices, held at Lima in May 1970.

The report focused on the role incumbent upon industrial development, given the impetus of economic integration, in the development of the Andean countries. A minimum requirement in this respect was the composition of a table to help evaluate industrial possibilities in the subregion, based on projections of the future evolution of domestic demand for manufactures assuming a feasible growth rate. The essential part of the report, however relates to the fact that the new possibilities afforded by integration should help to overcome some of the deficiencies in industrial development observable in other Latin American countries. The report notes that it is necessary to make provision for a new style of development as a feature of the subregional economy to come, based on the instruments of the Agreement. In other words, one of the basic tasks is to define a pattern for future industrial development in order to guide and influence the course of events towards the basic targets and objectives of integration.

In brief, this report identified, analysed and quantified—on an initial scale—the basic ideas on integration and development given in the earlier document on the linkage between national development plans and the subregional integration process.

The chiefs of the planning offices of the Andean countries, considering that the member States should adopt a strategy for the development of the subregion in accordance with the basic aims mentioned in article 25 of the Agreement, indicated that it was necessary for national planning offices to co-operate in this task with a view to developing a preliminary outline of a common strategy based on national strategies. They agreed to submit a preliminary draft to the Board of the Agreement giving the basic

/objectives of

objectives of national development efforts and guidelines for the proposed strategy, and examining the effect of subregional integration on the fulfilment of national objectives. They also recommended that the Board, on the basis of the material submitted by countries and by ECLA and the Institute, and on the basis of the Agreement itself, should adopt suitable measures to co-ordinate its efforts with those of national planning offices in the preparation of subregional development strategy.

After the Second Meeting of Chiefs of Planning Offices, the Board of the Agreement, taking into account the provisions of the Agreement and the fact that the main function of the Board during 1970 is to propose for the Commission a set of measures for the full implementation of the basic instruments of the Agreement, and in the exercise of the powers conferred on it by the Agreement with respect to technical assistance and the resolutions adopted, conferred with ECLA and the Institute with a view to working out a request for technical assistance. In the request, issued in May 1970, the Board laid down the objectives of a joint ECLA/Institute programme mainly aimed at over-all programming. The request states the following:

(a) The main objective of the joint programme will be to set in motion a continuous process of analysis that will--in as short a time as possible--identify the basic elements of what the common strategy for subregional development should be;

(b) These elements will provide the Board with a technical basis for the proposals it must make during the year with a view to developing a preliminary outline of the economies of the five Andean countries;

(c) With respect to the targets that should be established within subregional strategy, it is of particular importance to draw up a preliminary outline of the industrial sector, with special reference to the situation of Bolivia and Ecuador.

Agreement was reached on the assistance that ECLA and the Institute could provide for the implementation of the programme of work defined and directed by the Board. Since the activities require permanent guidance from the Board and close relations between all concerned, a timetable of

/meetings and

meetings and technical consultations was drawn up for the different stages of the work programme. Three working meetings have been held at Lima in recent months and the Board has assigned two of its officials to take care of liaison between the two teams.

A first draft of the document was completed at the end of November and it is expected that analysis of it will begin shortly. At this initial stage, the document should fulfil at least two requirements: it should serve as a preliminary frame of reference for decisions to be adopted in December 1970, and it should provide a basis for a longer term research programme that will look in depth into specific activities and economic sectors of significance in the integration process.

5. Projects

The Institute's activities in this field were focussed, on the one hand, on the preparation of the Guide and the Handbook for project-designers and, on the other, on providing advisory assistance in pre-investment to the Andes Development Corporation of the Government of Venezuela and to the Government of Peru. Taking advantage of the work on the handbook, and in-service training programme was carried out in the field of project formulation and analysis, for a group of experts from several countries of the region.

(a) The Guide to Project Formulation is being prepared under an agreement with IDB. Work began with a detailed analysis of how to prepare an operational instrument that would guide the formulation of different types and categories of projects at the stage of drawing up the feasibility study or the final draft project.

The problem is made difficult by the extreme variety of possible projects and the complexity of the content of a project, which calls for different partial studies as essential elements for a complete understanding of the objectives, context, necessity, feasibility and advisability of the relevant investment. These studies--apart from covering different sets of problems and technical, economic, financial, administrative and institutional aspects--are necessarily interrelated and their analysis in whole or in part is possible only through a process of successive approximations.

However, the research that has been carried out has pointed to the possibility of grouping together the subjects of these partial studies, without blurring the distinctions between the current projects, in the economic or social fields. Once a viable means of organizing the subject matter of the Guide had been found, an attempt was made to identify the content it should have, using as a basic indicator for that purpose the standards of project presentation that currently prevail in IDB. A preliminary version of the Guide was drafted, and at the end of the year was submitted for discussion, with a view to obtaining criticisms and comments. Experts from IDB itself and the Pan-American Sanitary Bureau made technical contributions to the preparation of this document.

/(b) Handbook

(b) Handbook for project-designers

This document has more wide-ranging objectives than the Guide, being aimed at meeting an obvious need to rationalize the allotment of resources to economic development projects in Latin America. While the Guide is focused on the task of project presentation and on the feasibility study stage, the Handbook is intended to follow the whole process of project preparation and evaluation in the successive stages of formulation, from identification of the concept up to the final draft project or feasibility study. Thus, the problem of organizing the subject matter becomes much more complex and difficult. On the other hand, the basic concepts and methodologies of the disciplines on which the analysis is based must be included in the content of the Handbook, so as suitably to illumine the path to be followed in solving the problems that arise.

The need for prior selection of concepts and methodologies, in addition to the subjects that each stage of project formulation must include, called for long discussion and criticism on the basis of a tentative list of contents of the Handbook. This discussion phase served to re-state all the problems of project formulation and analysis, and to characterize better each successive stage of work, its scope, objectives and the type of information and decision to which it gives rise.

The results of these discussions have spilled over into an article "Notas sobre formulación de proyectos", the first part of which will appear in the Institute's Cuadernos before the end of the year, and the second in the form of a Cuaderno to be published in the first quarter of 1971.

In addition to its own experts, the Institute was helped in statistical and mathematical methods of the preparation of the Handbook by the Inter-American statistical training centre (Centro Interamericano de Enseñanza Estadística - CIENES); by the Pan-American Centre for Health Planning of the Pan-American Sanitary Bureau, for projects in that field; and by the Engineering Faculty of the University of Chile, for help in the analysis of productive processes. Cash contributions were also received from the Production Development Corporation (CORFO) in Chile and the

/Government of

Government of Venezuela; the Argentinian Federal investment council (Consejo Federal de Inversiones - CFI) also co-operated, both with a cash contribution and by setting up technical teams to explore problems and methods of formulating highway, power, irrigation and settlement projects. These contributions by official organizations in several countries have been and continue to be essential to carrying out the complex work of preparing the Handbook for project-designers.

(c) In-service training programme

As scheduled, an in-service training programme in project analysis and formulation was conducted in step with the progress made in preparing the Handbook. Seven United Nations fellowship-holders from different Latin American countries took part in the programme, which was conducted between March and December and covered the following principal activities:

(a) a systematic course on project formulation and evaluation, paying particular attention to case studies; (b) the participation of the fellowship-holders as research assistants in the work of the Institute team responsible for preparing the Handbook; (c) the preparation of monographs on different aspects of project formulation; (d) some seminars on this subject; and (e) lectures on economic and social development in Latin America, directed towards providing a frame of reference for the work of project formulation and analysis in each country.

(d) Advisory assistance in pre-investment

This type of activity is directed increasingly to drawing up programmes and establishing machinery to institutionalize the continued work of the national organizations in this field. The aim is to help make pre-investment serve as a bridge between development plans and policies and the investment processes that permit their formulation. This line of the Institute's activities in the field of projects has grown out of the experience of the countries in recent years and the analysis of pre-investment problems and needs carried out as part of the basic research for the handbook for project-designers.

/Up to

Up to now, the Institute has concentrated its advisory assistance to the countries on the design of strategy, formulation of plans and improvement of planning machinery, both in the long and short term; in some cases, its action has also extended to the programmed development of regions. But experience has shown that it is necessary to try to harmonize the formulation and practical implementation of development plans, policies and programmes more systematically--whether they be national, sectoral or regional in scope. This type of harmonization overlaps with the field of pre-investment and covers the whole range of studies that point to investment needs and opportunities, which are elaborated until the necessary decisions to put them into practice are adopted on a sound basis. The Institute has resolved to extend its efforts to this field, and thus allay the disquiet that exists in order to give greater operational force to the development plans.

Another important consideration that moves us to act in this field is the fact that it absorbs an important share of international technical co-operation and that the know-how accumulated by the Institute on the situation in Latin America may contribute to a better utilization of these resources.

On the basis of guidelines drawn up in the Governing Council on this topic--and taking advantage of the basic research carried out in connexion with the Handbook for project-designers--, in March 1970 a meeting of IDB officials was held in Washington with a view to exchanging experiences and drawing certain conclusions on the most effective way of utilizing and mobilizing human and financial resources in pre-investment activities that lead to the fulfilment of the targets of development plans.

The main conclusions of the meeting were as follows: (i) that pre-investment must be programmed, in the sense that a development programme must explicitly contain pre-investment programmes that make it possible increasingly to bring the economic and social objectives of the plan into line with the availability of projects to attain those objectives; (ii) that, in order for such programmes to be put into effect on a permanent basis, it is necessary to strengthen the pre-investment machinery within the
/organizations in

organizations in the public sector, both those that carry out direct investment and those that guide and support investment in the private sector; and (iii) that it would be advisable to study the inclusion of pre-investment budgets in the capital budgets of the countries.

At the same meeting it was pointed out that--given its responsibility to contribute to the operational efficiency of the planning processes in Latin America--the Institute's activities in this field would pay special attention to advisory assistance to governments in the setting up or strengthening of their institutional pre-investment machinery and in the elaboration of their respective programmes; to the study of pre-investment and its techniques as part of the planning process and to collaborating with the international organizations that are active in this field.

These guidelines were applied in 1970 in Venezuela--in co-operation with the Andes Development Corporation--and in Peru.

In the case of the Andes Development Corporation (CORPOANDES) continued support was given for the elaboration and entry into operation of subregional pre-investment programmes, so as to bring the development strategy of the Andean region of Venezuela up to implementation and investment level and at the same time to facilitate the application of national plans and policies in the same area. At the same time, the capacity of the Corporation, which has responsibility for co-ordinating and promoting those programmes, is being strengthened. This work is being carried out at the request of and with financing from CORPOANDES, and with support from the Government of Venezuela.

As will be recalled, the Institute's co-operation with CORPOANDES dates back to 1967, when advisory assistance was given to prepare the bases of a development strategy for the region, and continued from 1968 with participation in a subregional pre-investment programme. The aim of this programme was to speed up, on a planned basis, the development of the high western plain (Alto Llano Occidental), an area of great growth potential, mainly through expanding the agricultural frontier. An important result of this work is that the programme has been included

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among the strategic projects of the fourth national plan. In 1970, advisory assistance was given in the revision of the programme and was continued subsequently to the directors of the programme when it entered into operation.

At the same time, at the request of CORPOANDES, the Institute began to co-operate in the preparation of an integrated development programme for another area of the Andean region, known as Motatán-Cenizo. This is a heavily depressed zone but has an interesting development potential; a series of basic studies outlining a programme of action have been drawn up. According to the agreement drawn up between the Institute and CORPOANDES in respect of this work, the pre-investment programme will be developed in three phases. The first, which is the one covered by the agreement, began in mid-1970 and is expected to end in March 1971 with the preparation of a basic document that serves to guide the development of the area and to identify the project of highest priority. The second phase, which consists in training the national personnel who are to join the working group on Motatán-Cenizo, will be completed between March and May 1971; and in the third phase, which is to be initiated in mid-1971, the programme could be prepared and a start made on preparing the high-priority projects that were identified at the outset.

For the work of the first phase, the Institute, with the backing of an internal advisory committee made up of officials with considerable experience in the different fields, has set up a team of experts in agricultural development, industrial and mining development, physical planning and urban development, education, transport, irrigation, natural resources, and projects formulation and analysis. The team is preparing a draft of the above-mentioned basic document, in which an outline analysis will be made of the current situation, policy guidelines for the formulation of the development programme in the area will be proposed, and a pre-investment programme for 1971 will be suggested. This draft will be presented to CORPOANDES at the end of December and in March 1971 the final version of the document will be drawn up, incorporating the observations on the draft made by the national experts.

/The Institute

The Institute also co-operated with the Government of Peru in establishing a national pre-investment system aimed at promoting, co-ordinating and carrying out the pre-investment studies needed to fulfil the economy and social development plans and policies of the country. Moreover, support was given to the Reconstruction and Rehabilitation Committee (Comisión de Reconstrucción y Rehabilitación de la Zona Afectada - CRYEZA) in Perú, following the earthquake of May 1970, so as to accelerate the preparation of investment projects and facilitate the implementation of their objectives and the effective utilization of the available resources. In theory, the Institute would act in both cases through each of two UNDP projects, at the request of the Government of Peru.

In August 1970, the Government requested the Institute to send a mission to co-operate with the National Planning Institute in drawing up a draft request for technical assistance to the Special Fund of the United Nations, for the establishment in Peru of an integrated system of project promotion and evaluation, which would permit the implementation of the basic development policy guidelines in the medium term, and their harmonization with the effort at reconstruction and development of the area affected by the earthquake of 31 May 1970. The mission visited Peru in September and agreed with the national authorities that before a request could be made to the UNDP it was necessary to make a brief appraisal of the situation in the country-especially in the devastated zone--as regards pre-investment, and to examine the basic guidelines for effectively organizing action to be developed in this field. Particular attention was paid to the technical, financial and organizational requirements of establishing a national pre-investment system.

The mission collaborated with the Reconstruction and Rehabilitation Committee in establishing the bases for strengthening its capacity to promote and direct studies of projects concerned with the reconstruction and development of the disaster area, and the corresponding request for assistance to the UNDP. This request was presented by the Government, and on the basis of it, the Administrator of the UNDP approved an emergency project for a period of two years which the Institute would help guide and supervise.

/A report

A report on the national pre-investment system was presented to the Peruvian Government summarizing the main conclusions of the mission on the requirements considered essential to fulfill its two basic objectives: (a) to establish closer functional links between the conception, preparation and analysis of projects and development targets and policies in the context of the national planning system; and (b) to find an effective solution to the problem of the relative scarcity of well thought-out project that can be implemented quickly and which in line with the new orientations in the development policy of Peru. The aim of the report, presented at the end of October, is to help define basic decisions in this field, starting from the premise that the Government has resolved to promote its pre-investment activities vigorously and on a programmed basis. Once these decisions have been taken, an adequate base will have been laid for preparing the request to the UNDP for support of the national pre-investment system.

6. The Institute's participation in activities connected with other organizations

Expansion of the Institute's activities in many fields in its contacts with the academic world, governments and international organizations, make it advisable to review its activities in national, inter-American and international meetings, its participation in university courses and its collaboration in joint missions with other organizations. These activities are listed in chronological order as they illustrate the Institute's involvement and interest in the tasks that were carried out within and outside Latin America over the year.

Seminar organized by ODEPLAN to study the regional development of Chile, Concepción, Chile (January 1970);

Seminar on intellectuals and political power in Latin America, organized by the Center for Inter-American Relations, New York (February 1970);

United Nations, Panel on foreign investment in Latin America, Medellín, Colombia (February 1970);

CIAP meeting on Peru, Washington D.C. (February 1970);

CIAP meeting on Chile, Washington D.C. (February 1970);

Meeting held at the University of Toronto on the central problems of development in Latin America (March 1970);

Seminar organized by the Instituto Colombiano de Bienestar Familiar and UNICEF, Bogota, Colombia (February-March 1970);

CIAP meeting on Brazil, Washington D.C. (March 1970);

CIAP meeting on Argentina, Washington D.C. (March 1970);

Board of Governors of the Inter-American Development Bank (IDB), Punta del Este, Uruguay (April 1970);

CIAP meeting on Colombia, Washington D. C. (April 1970);

CIAP meeting on Mexico, Washington D.C. (April 1970);

CIAP meeting on Uruguay, Washington D.C. (April 1970);

Meeting organized by the Ford Foundation in Buenos Aires on the problems of education in Latin America (May 1970);

/Joint mission

Joint mission with UNESCO to provide advisory assistance to the Ministry of Education in Peru on educational reform (May 1970);

Meeting of the Planning Offices of the Andean Group, Peru (May 1970);

The Second World Food Congress, The Hague (June 1970);

Meeting of the Board of the Andean Group, Lima, Peru (July 1970);

Meeting of the Board of the Andean Group, Lima, Peru (August 1970);

Latin American Regional Population Conference, Mexico City (August 1970);

Seminar on industrial statistics, convened by ECLA and the United Nations, Santiago, (August 1970);

Seminar on development and employment policies, organized by the ILO and the Institute, Santiago (August 1970);

Conference sponsored by the Argentinian Ministry of Education and Olivetti on the "Adriano Olivetti" international seminars on education, Buenos Aires, (August 1970);

Meeting of the European Co-ordination Centre for Research and Documentation on Social Sciences, under the International Social Science Council, with a view to setting up a system of exchange between the Institute and that Centre, Vienna, Austria (September 1970);

First meeting of the Inter-American Cultural Council (OAS), Viña del Mar, Chile (September 1970);

VIII World Congress of Sociology organized by the International Sociological Association, Varna, Bulgaria (September 1970);

Postgraduate course on problems of development and industrial planning, organized by the Universidad Nacional del Sur, Bahia Blanca, Argentina (September 1970);

Interregional seminar on labour planning, Moscow, USSR (September-October 1970);

Fourth meeting on co-ordination in technical co-operation and pre-investment studies in Latin America, IDB, Washington (September 1970);

Meeting of the Board of the Andean Group, Lima, Peru (October 1970);

Course on research design and data analysis in the Faculty of Sociology of the University of Chile, Santiago (October 1970);

Assembly of the Latin American Council for the Social Sciences (CLACSO), Bariloche, Argentina (November 1970);

/ECLA/WHO

ECLA/WHO Conference on the role of meteorological services in the economic development of Latin America, Santiago (November-December 1970);

Seminar on the sociology of development, organized by UNESCO and CLACSO, Santiago (November 1970);

Working group on social planning, organized by the OAS, Washington (November 1970);

Seminar on marginality in Latin America, organized by IDB and PLANDES, Santiago (November 1970).

7. Publications

Most efforts in 1970 were concentrated on the work by Dr. Raúl Prebisch, "Transformation and Development: Latin America's Great Task", a report prepared by the Director General of the Institute at the request of the Inter-American Development Bank. Mimeographed editions of the work were published in Spanish by ILPES, and in English by IDB. The printed editions will be published shortly, the Spanish in Mexico by the Fondo de Cultura Económica and the English in New York by Praeger. During 1971 a separate volume will be compiled incorporating comments on the work by several authorities and the discussions about it in the special seminar which is mentioned elsewhere in this report.

The impetus given to the Publications Programme in 1969 was maintained in 1970. The Programme was concerned chiefly with the completion of several works and with the reissue of other works that sold out. Revision of content from the editorial point of view and improvement in presentation was worthwhile in view of the continuing demand for the Cuadernos which are held in high esteem by specialists and are being used as texts in many Latin American universities. Thus, in addition to the third revised edition of El marco histórico del proceso de desarrollo y de subdesarrollo by Osvaldo Sunkel and the English original of Louis Lefebvre's study entitled "Notes on Integration, Welfare and Project Valuation", both promised in the previous report, new editions have been issued of the Cuadernos by Jorge Ahumada, Teoría y Programación del desarrollo económico; Pedro Paz and Octavio Rodríguez, Cinco modelos de crecimiento económico, and José Ibarra, Asignación de recursos, programación de recursos, programación lineal y teoría económica. Before the end of the year a new Cuaderno entitled Notas sobre formulación de proyectos--a forerunner of a new and complete Manual of Economic Development Projects, an important work on which the Projects Division is engaged, with the outstanding collaboration of Raúl Sáez--and the second, thoroughly revised version of Consideraciones sobre la estrategia de industrialización de América Latina will have been published.

Several Textos del Instituto were also published in 1970: Osvaldo Sunkel and Pedro Paz, El subdesarrollo latinoamericano y la teoría del desarrollo,

/a work

a work of nearly 400 pages; Ricardo Cibotti and Enrique Sierra, El sector público en la planificación del desarrollo, both published by the Editorial Siglo XXI in Mexico; and the collective work entitled Dos polémicas sobre el desarrollo de América Latina, published by the Editorial Universitaria in Santiago, Chile. This last work had a long and difficult gestation; the prologue is by Cristóbal Lara Beutell, the Deputy Director General, and the authors are Carlos Matus, Pedro Vusković, Eduardo García Cabruja, Jacobo Schatan, Jader de Andrade, Bernard Ortolo, Aldo Solari, Aníbal Pinto and José Medina Echavarría, who closes the book with an essay on "Los supuestos políticos de una crítica económica". Also in 1971, a Spanish version of the work by Orris C. Herfindahl, Los recursos naturales en el desarrollo económico: Medios y programas de información, will be published by the Editorial Universitaria in Chile. This work is the fruit of diligent research by the author under the sponsorship of Resources for the Future, Inc.

The sales figures show that more and more interest is being aroused in the Institute's publications. In 1969 sales virtually doubled those of 1968, while in 1970 they amounted to 110,500 Chilean escudos plus 10,500 dollars, which means an increase of 145 per cent in Chilean escudos and of 50 per cent in dollars compared with the previous year.

It is to be expected that this trend will continue if more funds can be made available to broaden the range of publications, improve their presentation, and organize promotional machinery to extend distribution. All this is part of the programme of activities for 1971 and appropriate measures have already been taken to convert these aims into reality. Thus, a new format has already been adopted which, without any substantial changes to lay-out, will make the Cuadernos easier to read and more attractive. Some Cuadernos, such as El planeamiento de la educación by Simón Romero Lozano and Sebastián Ferrer, Estadísticas básicas para planificación by Arturo Nuñez del Prado, which met with such an excellent reception, will be published again in a completely new form as books. The work Estudios sobre la juventud latinoamericana, a joint effort by several staff members of the Planning and Social Development Division, on which work has been going on for several years, will also be published in book form in 1971. A new Cuaderno, entitled /La planeación

La planeación de la encuesta industrial, by Retórico Freres, which will be the second of the operational manuals, is in the press.

Future publications are not confined to the above works which will all appear in the near future. Textos and Cuadernos will continue to be re-published. The other works announced in the ILPES catalogue of publications will be published when their preparation has been completed and perfected.

In 1970 work was continued on the project of the Institute periodical, mentioned in the previous report. Preparations for publication of the periodical have been necessarily complex because of the need to ensure regularity of publication and consistent high quality contributions. Once the preparatory stage has been completed, it is hoped that publication can go forward in 1971.

